

Supreme Court to hear case from energy crisis

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The U.S. Supreme Court agreed Tuesday to hear arguments from power companies -- including a Calpine Corp. unit -- in a case that may affect California's attempt to save \$1.4 billion on supply contracts signed during the 2000-to-2001 energy crisis.

The justices will consider whether the Federal Energy Regulatory Commission has the power to cut the price on long-term contracts that customers say were the product of market manipulation. A federal appeals court ordered the agency to reconsider its refusal to adjust the contracts.

The justices will consider appeals by units of Calpine, American Electric Power Co., Allegheny Energy Inc. and Morgan Stanley, which has an electricity marketing unit. Their case centers on long-term contracts with purchasers in Nevada and Washington state, including units of Sierra Pacific Resources and American States Water Co. and the public utility district of Snohomish County, Wash.

The case will affect two similar high court appeals centering on California's energy contracts. The companies pressing those appeals include units of San Diego-based Sempra Energy, Dynegy Inc. and Royal Dutch Shell. The justices took no action on the California cases Tuesday, opting to hold them until they resolve the Washington and Nevada disputes.

The dispute is part of a many-faceted, multibillion-dollar fight stemming from the 2000-to-2001 energy crisis in the West. The appeals say two 1956 Supreme Court rulings preclude FERC from ordering changes in the contracts.

That agency separately has approved more than \$6 billion in settlements of claims that power sellers gouged California during the crisis, when electricity prices rose tenfold, businesses and consumers endured rolling blackouts and the state's two largest utilities became insolvent.

The Supreme Court in June rejected an appeal by power firms seeking to limit refunds they must make to consumers.

California's Public Utilities Commission and the Bush administration were among those urging the Supreme Court not to get involved in the latest case.